

TCA by E*TRADE

Withholding Information

Federal and State Policies for Individual Retirement Accounts (IRAs)



This information summary addresses tax withholding for individual retirement accounts, and does not apply to 401(k)s, 403(b)s or other qualified plans.

IRA Federal Withholding Policy

Traditional IRA, Rollover IRA, SEP, SIMPLE, Beneficiary IRA, Roth IRA

- Federal withholding in the amount of 10% will be withheld unless:
 - another percentage or amount greater than 10% is designated on the distribution request form;
 - the 'I elect not to have federal income tax withheld' box is checked; or
 - this is a distribution from a Roth IRA where the 5 year holding period has been met and the account owner is over age 59 ½.

IRA State Withholding Policy

Some states have mandatory withholding for IRAs.

- If a state requires state withholding and does not allow the account owner to opt out, TCA by E*TRADE will process state withholding even if the 'I elect not to have state income tax withheld' box is checked on the distribution request form. State withholding of the required amount will be withheld unless a greater amount is designated.
- If a state requires state withholding and does allow an account owner to opt out, TCA by E*TRADE will process state withholding in the required amount unless the 'I elect not to have state income tax withheld' box is checked on the distribution request form.
- *If your state has mandatory withholding that allows you to opt out after certain conditions are met, please consult your tax advisor prior to checking the 'opt out' box on the distribution form to ensure that you have met the conditions.*

Roth IRA distributions are subject to mandatory state withholding unless the 5 year holding period is met and the account owner is over age 59 ½.

Unless requested to do so on the distribution request form, TCA by E*TRADE will not process state withholding for a state that has voluntary withholding. TCA by E*TRADE cannot process state withholding for states that do not have state income tax.

Note: The state of residence determines the state withholding requirements and is determined by the account owner's legal address of record. All state withholding will be rounded to the nearest whole dollar. For example, withholding on a \$100 distribution with a 6.5% state withholding would be \$7.00 instead of \$6.50.

Withholding is mandatory for distributions to a foreign address and to an address that is not the address of record if TCA by E*TRADE does not have the address on file. Mandatory withholding will be taken in these instances even if the 'opt out' box is checked.

To the best of our knowledge, this information is accurate as of September 15, 2017. Consult with your tax advisor to obtain the most up-to-date information pertaining to your state.

IRA State Withholding Requirements

State		IRA Withholding Requirements
Mandatory		
Connecticut	6.99%	*Withholding is mandatory for full account distributions.
District of Columbia (DC)	8.95%*	
Mandatory with Federal Withholding		
Arkansas (AR)	3%	State withholding is mandatory when federal withholding is taken, no exceptions. *Vermont is 24% of the federal withholding amount
Iowa (IA)	5%	
Kansas (KS)	5%	
Massachusetts (MA)	5.1%	
Nebraska (NE)	5%	
Oklahoma (OK)	5%	
Vermont (VT)	See Note*	
Mandatory with Federal Withholding unless Opted Out		
California (CA)	See Note*	State withholding is mandatory when federal withholding is taken unless the 'opt out' box is checked on the distribution form.
North Carolina (NC)	4%	
Maine (ME)	5%	*California is 10% of the federal withholding amount
Mandatory unless Opted Out		
Michigan (MI)	4.25%*	State withholding is mandatory unless the 'opt out' box is checked on the distribution form. *If the recipient was born after 1945
Oregon (OR)	8%	
Voluntary		
Alabama (AL) Arizona (AZ) Colorado (CO) Delaware (DE) Georgia (GA) Idaho (ID) Illinois (IL) Indiana (IN) Kentucky (KY) Louisiana (LA) Maryland (MD) Michigan (MI) if DOB is prior to 1946 Minnesota (MN) Mississippi (MS)		Missouri (MO) Montana (MT) New Jersey (NJ) New Mexico (NM) New York (NY) North Dakota (ND) Ohio (OH) Pennsylvania (PA) Rhode Island (RI) South Carolina (SC) Utah (UT) Virginia (VA) West Virginia (WV) Wisconsin (WI)

No Withholding Option	
Alaska (AK) Florida (FL) Hawaii (HI) Nevada (NV) New Hampshire (NH) South Dakota (SD) Tennessee (TN) Texas (TX) Washington (WA) Wyoming (WY)	States where withholding is not available for distributions.

How to Opt Out of State Withholding: For states that allow an account owner to opt out of state withholding, check the 'I elect not to have state income tax withheld' box on the distribution form. *Note: Even if this box is checked, state withholding will be processed for states that require state withholding and do not allow you to opt out.*